

When To Retire

One of the most important decisions you'll ever make could be deciding when to retire. As much as you may dream about the day you'll turn off the alarm clock and stay home, deciding when to stop working is not an easy decision. Remember, there's no magic "retirement" day. It's what's best for you.

When you're ready to retire, you'll want to collect Social Security benefits. You have several options.

Retire at 62:

You can stop working and begin collecting benefits as early as age 62 if you have earned enough credits. The number

of credits you need depends on your date of birth. For example, if you were born in 1929 or later, you need 40 credits (10 years of work). People who were born before 1929 need fewer credits.

If you retire at age 62, your benefits will be permanently reduced, based on the number of months you will receive checks before you reach full retirement age. At age 62, the reduction is about 20 percent; at age 63, it's about $13\frac{1}{3}$ percent, and at age 64, it's about $6\frac{2}{3}$ percent.

Retire at 65/67:

Age 65 is usually considered retirement time. That's when you reach full retirement age if you were born before 1938. But times are changing. Full retirement age gradually increases until it reaches 67 for people born in 1960 or later. As the full retirement age increases, you can still retire at 62 but your benefits will be at a lower rate than before. Even with the benefit reduction, early retirement will give you about the same total benefits over your lifetime. The benefits will be in smaller amounts because you will receive them for a longer period of time.

But you may not be ready to retire when you reach full retire-

ment age. Each additional year that you work adds another year of earnings to your Social Security record. Higher lifetime earnings may result in higher benefits when you retire.



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In addition, your benefit will be increased by a certain percentage if you delay retirement. These increases are added in automatically from the time you reach your full retirement age until you start taking your benefits, or you reach age 70. The percentage varies depending on your year of birth. For example, if you were born in 1936, you'll get an additional six percent for each year you delay signing up for Social Security.

As you can see, deciding when is the best time for you to retire may not be an easy decision. You may want to call Social Security's toll-free number **1-800-772-1213** to ask for the booklet *Retirement Benefits* (Publication No. 05-10035). It will provide you with general information that could help you make your retirement decision.

When you first start thinking about setting a retirement date, it's a good idea to contact Social Security to see which month is best to claim benefits. In some cases, your choice of a retirement month could mean additional benefits for you and your family. Call Social Security's toll-free number to make an appointment or to speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. The lines are busiest early in the week and early in the month so, if your business can wait, it's best to call at other times.